

233 South Wacker Drive Suite 800, Sears Tower Chicago, IL 60606

312-454-0400 (voice) 312-454-0411 (fax) www.chicagoareaplanning.org

Housing Committee Meeting Recap

Special Session on Foreclosures
December 20, 2007

Cook County Conference Room Suite 800, 233 S. Wacker Drive, Sears Tower, Chicago, Illinois

Members Present: Joanna Trotter, Phil Ashton, Alan Quick, Andrea Traudt,

Steeve Shavers, Lee Smith, Paul Colgan, Beth Dever, David

Cole, Nancy Firfer

Others Present: Lee Deuben, Bob Dean, Jesse Elam, Andrew Williams-Clark,

Erin Aleman, Jill Leary, Greg Sanders, Irma Morales, Michael van Zaligen, Geoff Smith, Joe Martin, Patrick

Bayard, Sheri Moses, Judith Heaney

The housing committee hosted a special session on the implications of foreclosures in the region, which took place in lieu of the regularly scheduled committee meeting on Thursday, December 20th at 9:00 AM. The discussion focused on three specific areas: analyzing the data and the plausibility of creating a foreclosure early warning system; the capacity of municipalities to deal with foreclosure issues; and lessons from the City of Chicago and South Cook to determine if there are replicable models in dealing with foreclosures.

Geoff Smith from the Woodstock Institute presented data on the state of foreclosures on the region and explained the variations in the types of loans and subsequent foreclosures that are affecting various parts of the region. Smith provided attendees with maps of the locations of high risk lender mortgages, high cost loans, non-owner occupied loans and loans with junior liens to show clear patterns throughout the region. The data showed that while the south suburbs are experiencing the highest percentage of foreclosures, areas throughout the entire region are also being affected by foreclosures. Attendees discussed the plausibility to use current data sets to forecast troubled areas. Discussion focused on the feasibility of creating an early warning system with available public data and foreclosure data and the impact it could have on the ability of municipalities to react more quickly to properties at risk of foreclosure and those in foreclosure.

Michael van Zalingen detailed the various situations that homeowners are faced with due to various lending practices and he deciphered between the plausibility of various types of interventions. He explained that only about 15% of households could actually be counseled and loans renegotiated while 50% of families facing foreclosure would actually need a principal reduction. Mr. van Zalingen also discussed the capacity of municipalities and counselors to handle the mass influx of

calls and foreclosures. He explained that there is a shortage of counseling agencies throughout the region and that the situation is further exacerbated by the fact that there are very few trained counselors available to expand counseling services. Mr. van Zalingen discussed the successes of Neighborhood Housing Services partnership with the City of Chicago through the Home Ownership Preservation Initiative (HOPI) and explained that he thinks that it is a model that could be replicated in other areas should funding and trained counselors become more widely available. For more information on HOPI go to:

http://www.nhschicago.org/content/page.php?cat_id=28&content_id=44. Lastly, van Zalingen provided insight on what he thought could be done at the municipal level: 1.) Institute stringent Real Estate Owned (REO) laws to mitigate the effects of vacant properties. 2.) Publicly mainstream the problem 3.) Administer Model Ordinances such as the troubled buildings initiative or a vacant building registry. Attendees discussed the plausibility to work through the Mayor's Caucus, CMAP, the City of Chicago, and/or the Councils of Governments to establish some resource sharing models in order to replicate the successful programs that already exist.

Irma Morales, from the city of Chicago's Department of Housing discussed some of the City's foreclosure prevention programs including HOPI (now HOPE), the City of Chicago's Borrower Outreach Days, and the Troubled Buildings Initiative. She spoke at length about the preliminary successes of the Borrower Outreach Days in getting homeowners threatened by foreclosure to the table with their lenders. The strategy the City of Chicago has implemented is to directly invite homeowners in threat of foreclosure to attend an outreach session at the invitation of the city rather than the lender. She indicated that the city has great successes in turnout to these events when the letter comes directly from the city rather than the lender. Four Borrower Outreach days have been scheduled from October 20 to January 30, 2008 throughout the city. Thus far, the Outreach Days have attracted hundreds of families. Morales explained that the programs have been extremely successful so far and that they could conceivably be replicated in other communities given the availability of the needed resources to administer the programs.

Joe Martin from Diversity Inc. discussed the foreclosure issues confronting the south suburbs. He was clear that this is not a new issue to the south suburbs and that is essential to look at the disparity in race and income throughout the region in regard to where foreclosures have historically and are currently taking place.

Additional attendees included representatives from HUD, Cook County, the Chicago Federal Reserve Bank and the Grand Victoria Foundation. The housing committee anticipates several follow up discussions with many of CMAP's partners to determine next steps.

Respectfully submitted,

Lee Deuben